




Maricopa County

Internal Audit Department

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To: Andrew Kunasek, Chairman, Board of Supervisors
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Max W. Wilson, Supervisor, District IV
Mary Rose Wilcox, Supervisor, District V

From: Ross L. Tate, County Auditor 

Subject: American Recovery and Reinvestment Act (ARRA)

Date: July 21, 2011

Summary

The Federal Government has awarded Maricopa County \$62.6 million in ARRA funds which have been allocated to 13 County agencies. As of May 31, 2011, these agencies have collectively received \$47.7 million and spent \$49.3 million for County programs and payments to non-County service providers (subrecipients). The County receives the revenues after program expenditures have been submitted for reimbursement. Based upon our review of the County's ARRA activities, it appears Maricopa County has implemented adequate procedures to comply with Federal accountability and transparency requirements.

Background

Nationally, the American Recovery and Reinvestment Act of 2009 (ARRA) authorized spending up to \$787 billion to aid in the rebound of the nation's economy. As stated by Federal guidelines, the main goals of ARRA are: to create and save jobs, to spur economic activity, to invest in long-term economic growth, and to foster new levels of accountability and transparency in government spending.

As the County's ARRA programs near completion, we reviewed how much money was received, how it was spent, and what measures were taken to achieve accountability and transparency. In compiling the following information, we conducted interviews, reviewed administrative records, and referred to the Arizona Office of the Auditor General's *Maricopa County Single Audit Report* for the period ended June 30, 2010.

"Maricopa County is committed to providing taxpayers with a highly transparent and accountable process for expending funds acquired through the American Recovery and Reinvestment Act (ARRA)."

Source: Maricopa County Website (www.Maricopa.gov/ARRA)

Cumulative ARRA Revenues and Expenditures as of May 31, 2011 Unaudited (in Thousands)		
County Agency	Revenues	Expenditures
Human Services	\$ 20,259	\$ 21,086
Justice System Planning & Information	9,162	9,142
Transportation	6,877	6,877
County Attorney	3,604	3,802
Adult Probation	2,204	2,166
Public Health	1,198	1,146
Sheriff	1,082	1,237
Facilities Management	1,060	1,677
Air Quality	725	725
Community Development ¹	587	587
Library District	540	540
Juvenile Probation	349	262
Education Services	5	5
Total	\$ 47,652	\$ 49,252
¹ As of July 2009, Community Development merged with Human Services.		

Source: Advantage Financial System Analysis

See **Appendix A** for revenues collected by each County agency, **Appendix B** for expenditures listed by program category, and **Appendix C** for expenditures listed by individual projects for County agencies and subrecipients.

Administration and Oversight

Maricopa County has generally administered ARRA grant awards in the same way it has administered other grants. However, County management has established additional guidelines to reduce the risks associated with (1) receiving and spending large sums of money within short timelines, (2) high public and political visibility, and (3) Federal requirements for accountability and transparency.

The County Manager appointed an ARRA lead coordinator to act as the primary liaison between Federal and County stakeholders. The lead coordinator is part of an advisory committee representing Materials Management, the Department of Finance, and the Office of Management and Budget; the committee provides expertise for systems and processes critical to ARRA.

Federal Requirements

Maricopa County must demonstrate accountability and transparency by establishing effective processes to comply with the following Federal requirements.

Independent Audits

The Single Audit Act requires non-Federal entities that spend \$500,000 or more in Federal grants in a fiscal year to undergo a compliance audit. For Maricopa County, the Arizona Office of the Auditor General conducts this audit. The Auditor General included ARRA grants in the scope of its FY 2010 Single Audit Report. ARRA funds that are distributed to subrecipients are subject to audits under the Single Audit Act. In addition, Internal Audit reviews subrecipient organizations for compliance with Single Audit Act requirements each year.

Other Requirements

We identified key ARRA accountability and transparency requirements. Based upon interviews and documents reviewed, it appears the County has established processes to meet Federal requirements. The following table describes the Federal requirement and the County's compliance status.

ARRA Accountability and Transparency Requirements		
ARRA Section	Requirement	County Compliance
Planning and Project Selection Requirements		
Certification	The governor, mayor, or other chief executive, shall certify that the infrastructure investment has received the full review and vetting required by law.	N/A ¹
Set-aside for Reporting and Recordkeeping	Agencies may reasonably adjust applicable limits on administrative expenditures for Federal awards to help recipients defray the costs of data collection.	N/A ²
Preference for Quick-Start Activities	Recipients shall give preference to activities that can be started and completed expeditiously.	Yes
Limit on Funds	Funds cannot be used for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.	Yes
Reporting Requirements		
Reports on Use of Funds – Recipient Reports	Recipient shall submit reports no later than 10 days after the end of each calendar quarter.	Yes
Establish Separate Funding Accounts	ARRA funds must be accounted for separately from other grant funds.	Yes
Data Quality and Completeness	All agencies must ensure Recovery Act funding reporting is complete and accurate and complies with agency Information Quality Act guidelines.	Yes
Public Transparency		
Reports on Use of Funds – Agency Reports	No later than 30 days after the end of each calendar quarter, each agency's reports must be made available on the website.	Yes

ARRA Accountability and Transparency Requirements		
ARRA Section	Requirement	County Compliance
Information Collection and Dissemination	Agencies should establish a page on their existing website dedicated to the Recovery Act, which is linked to Recovery.gov and will provide a single portal for all agency-specific information related to the Act.	Yes
Risk Mitigation		
Protecting Whistleblowers	Employees are protected from discharge, demotion, or reprisal for disclosure.	Yes
Risk Management	Existing internal controls should be sufficient to mitigate the risk of waste, fraud, and abuse.	Yes
Risk Management	Each agency should assess risk for each project and assess risks for individual programs that receive Recovery Act funding.	Yes
Contract Management		
Contract	Agencies need to assess existing processes for awarding contracts; including central contractor registration (CCR) and obtaining Dun and Bradstreet universal numbering system (DUNS) number.	Yes
Special Contract Provisions	To the maximum extent possible, contracts shall be awarded as fixed-price contracts through the use of competitive procedures.	Yes
Contract Type Selection	Agencies should select a contract type that supports meaningful and measureable outcomes consistent with agencies plans and Recovery Act goals.	Yes
Contract Training	Agencies should have sufficient and adequate trained workforce to responsibly plan, evaluate, award, and monitor contracts.	Yes
Buy American	Agencies should ensure that the Buy American clause is included in all ARRA contracts.	Yes
Wage Rates	Agencies should ensure that the wage rate requirement clause is included in all ARRA contracts.	Yes
¹ The State of Arizona passes-through funds; the State certified the infrastructure. ² The County did not charge additional administrative costs to ARRA programs beyond normal agency indirect costs.		

C: David Smith, County Manager
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Appendix A
ARRA Revenues Collected by County Agency
as of May 31, 2011 (Unaudited)

County Agency	Federal ARRA Grants Received	State ARRA Grants Received	Total (Thousands)
Human Services	\$5,145	\$15,114	\$20,259
Justice System Planning & Information	9,162	0	9,162
Transportation	0	6,877	6,877
County Attorney	345	3,259	3,604
Adult Probation	2,183	21	2,204
Public Health	509	689	1,198
Sheriff	344	738	1,082
Facilities Management	1,060	0	1,060
Air Quality	725	0	725
Community Development	587	0	587
Library District	540	0	540
Juvenile Probation	349	0	349
Education Services	0	5	5
Total	\$ 20,949	\$ 26,703	\$ 47,652

Appendix B
ARRA Expenditures Categorized by Program
as of May 31, 2011 (Unaudited)

Program\ Category	Expenditures (Thousands)
Public Safety	\$16,609
Displaced Persons (Homeless)	8,689
Adult/Youth Work Programs	7,617
Home and Home Improvements	6,877
Education	4,736
Health Care	2,942
Air Quality and Alternative Energy	1,146
Transportation	636
Total	\$ 49,252

Appendix C
ARRA Expenditures by Project
for County Agencies and Subrecipients
as of May 31, 2011 (Unaudited)

Projects Directly Administered by County Agencies		
Project	Agency	Amount (Thousands)
Pavement Preservation	Transportation	\$6,878
Workforce Investment Act Adult/Dislocated Worker Program	Human Services	4,475
Prosecution of Drugs, Gangs, and Violent Crime Offenders	County Attorney	1,909
Solar Thermal Heating System	Facilities Management	1,677
Early Head Start Expansion	Human Services	1,431
Arizona Criminal Justice Commission Drug	County Attorney	1,388
Prison Re-Entry Initiative	Adult Probation	1,379
Head Start	Human Services	1,281
Neighborhood Narcotics Enforcement Team	Sheriff	888
Weatherization Low – Income Assistance	Human Services	730
Photovoltaic System White Tank Library	Library District	540
Healthcare for the Homeless	Public Health	539
COMBAT Narcotic Activity from the Southern Border	Adult Probation	538
Immunization Program	Public Health	425
Head Start Expansion	Human Services	377
Victims of Crime Act	County Attorney	278
State Energy Section	Human Services	271

Projects Directly Administered by County Agencies		
Project	Agency	Amount (Thousands)
Case Carrying Juv Prob Officer Retention	Juvenile Probation	262
Maricopa County Neighborhood Narcotics Enforcement Team (MCNNET) & Parcel Interdiction	Sheriff	233
Gun Violence Prosecution Program	County Attorney	227
Lead Based Paint Hazard Reduction	Public Health	182
Community Restitution	Adult Probation	178
Vehicle Retrofit	Air Quality	150
ARRA Public Safety Funds	Sheriff	115
Workforce Investment Act Youth Program	Human Services	99
Edward Byrne Memorial Justice Assistance Grant Administration Project	Justice System Planning & Information	83
Public Safety Stabilization	Adult Probation	72
Community Service Block ARRA – FY11	Human Services	33
Homeless Prevention/Rapid Rehousing	Human Services	17
Community Development Block Grant – R	Community Development	6
Enhancing Education through Technology	Education Services	5
Total Funds Administered Directly by County Agencies		\$ 26,666

Projects Administered by Subrecipients		
Project/Service Provider	Agency	Amount (Thousands)
Foundation for Senior Living Home Improvements	Human Services	\$6,003
City of Phoenix – Enhanced Community Prosecution	Justice System Planning & Information	1,655
Catholic Charities Community Services	Human Services	1,585
City of Phoenix – Customized Police Software Development	Justice System Planning & Information	1,300
City of Phoenix – Police Software Upgrades	Justice System Planning & Information	1,300
Arizona Call-A-Teen	Human Services	1,208
City of Glendale – CAD/RMS/MDC Replacement	Justice System Planning & Information	741
Valley of the Sun United Way	Human Services	668
City of Mesa – Technology Implementation or Improvement Programs	Justice System Planning & Information	609
City of Phoenix – e-Citations	Justice System Planning & Information	600
Valle Del Sol	Human Services	592
Accurate Consulting Services LLC	Air Quality	575
City of Phoenix – Crisis Response Unit	Justice System Planning & Information	520
City of Tempe – Police Department Crime Reduction Initiative	Justice System Planning & Information	510
Goodwill of Central Arizona	Human Services	466
Youngtown Alley Pavement	Community Development	326
City of Chandler – Records Management System Coordination and Implantation Project	Justice System Planning & Information	310

Projects Administered by Subrecipients		
Project/Service Provider	Agency	Amount (Thousands)
Tempe Community Action	Human Services	299
City of Mesa – Digital Recorders for Public Safety Communications Center	Justice System Planning & Information	295
Guadalupe Gastelo Neighborhood	Community Development	255
City of Avondale – Family Advocacy Center	Justice System Planning & Information	225
Community Services of Arizona	Human Services	224
City of Mesa – Police Department CAD Wireless Network Encryption	Justice System Planning & Information	191
YMCA/Community Initiatives	Human Services	180
City of Glendale	Human Services	172
Foundation for Senior Living Programs	Human Services	168
Carlson Real State	Human Services	120
City of Peoria – Community Policing Overtime	Justice System Planning & Information	120
City of Phoenix – Electronic Prosecutor Records Organization Disaster Recovery and Retention Technology Improvement Program	Justice System Planning & Information	120
City of Avondale	Human Services	104
Town of Gila Bend	Human Services	99
Town of Buckeye	Human Services	96
City of Chandler – Police Investigative Equipment	Justice System Planning & Information	93
City of Tolleson	Human Services	87
Town of Guadalupe	Human Services	86

Projects Administered by Subrecipients		
Project/Service Provider	Agency	Amount (Thousands)
City of Phoenix	Human Services	83
Town of Gilbert – Police Department Phone Logger System Project	Justice System Planning & Information	65
City of Surprise – Traffic Enforcement Technology Enhancement	Justice System Planning & Information	57
City of Goodyear – Prosecution Initiative	Justice System Planning & Information	56
City of Avondale – Police Radio Connection	Justice System Planning & Information	48
Gilbert Towne Center	Human Services	47
Town of Gilbert – Mobile Wireless Handheld Device project	Justice System Planning & Information	42
City of El Mirage – Property Crimes Reduction & Fugitive Apprehension Program	Justice System Planning & Information	41
City of Peoria – Crime Analysis	Justice System Planning & Information	40
Mesa Unified School District	Human Services	39
City of Tolleson – Field Report Writing Project	Justice System Planning & Information	33
City of Chandler – Police Training Equipment	Justice System Planning & Information	30
Community Legal	Human Services	26
Town of Buckeye – Mobile Law Enforcement License Plate Recognition Program	Justice System Planning & Information	22
Town of Youngtown – Digital Interview and Interrogation	Justice System Planning & Information	14
City of Scottsdale – Courts Auto Dialer Project	Justice System Planning & Information	10

Projects Administered by Subrecipients		
Project/Service Provider	Agency	Amount (Thousands)
Tempe Elementary School District	Human Services	10
Town of Gilbert – Police Department Digital Recording System Project	Justice System Planning & Information	10
1st Presbyterian Church	Human Services	6
Chandler Unified School District	Human Services	2
City of El Mirage – Crime Mapping for Citizens	Justice System Planning & Information	2
City of El Mirage – MYCLYNS	Justice System Planning & Information	1
Total Funds Administered by Subrecipients		\$ 22,586
Grand Total (County plus Subrecipients)		\$ 49,252